

## Message Text

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PAGE 01 MELBOU 01358 210634Z

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-05

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 /074 W

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R 210442Z NOV 74

FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC 2439

INFO AMEMBASSY CANBERRA

LIMITED OFFICIAL USE MELBOURNE 1358

E.O. 11652: N/A

TAGS: ENRG, EINV, AS

SUBJECT: U.S. FIRM PULLS OUT OF SOUTH AUSTRALIAN NATURAL  
GAS PROJECT

1. A RECENT ANNOUNCEMENT IN HARTFORD, CONNECTICUT, BY THE CHAIRMAN OF MAGELLAN PETROLEUM CORPORATION, BENJAMIN HEATH, STATED THAT PACIFIC LIGHTING CORPORATION HAD TERMINATED ITS AGREEMENT WITH MEGELLAN PETROLEUM AUSTRALIA LIMITED TO SUPPLY GAS FROM THE PLANNED BILLION DOLLAR PROJECT AT PALM VALLEY. THE ANNOUNCEMENT FURTHER STATED THAT PACIFIC'S TERMINATION WAS DUE TO THEIR ASSESSMENT THAT TEST RESULTS DID NOT PROVIDE SUFFICIENT RESERVES TO SUPPORT THE PROGRAM ENVISAGED IN 1972. IN 1972, PACIFIC LIGHTING OF CALIFORNIA ENTERED INTO A CONTRACT WITH MAGELLAN TO PLAN AND ASSESS THE DEVELOPMENT OF THE PALM VALLEY NATURAL GAS FIELD. THE OBJECTIVE WAS TO LIQUEFY AND EXPORT GAS TO THE UNITED STATES.

2. LATER, IN AUSTRALIA, MAGELLAN'S MANAGING DIRECTOR, ROY HOPKINS, STATED THAT THE AUSTRALIAN GOVERNMENT MIGHT BECOME A PARTNER IN THE EXPLORATION AND DEVELOPMENT OF THE AREA.

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PAGE 02 MELBOU 01358 210634Z

THIS WAS FOLLOWED BY THE MINISTER FOR MINERALS AND ENERGY

REX CONNOR ANNOUNCING THAT THE GOA WAS VITALLY INTERESTED IN NOT ONLY FURTHER DRILLING AT PALM VALLEY, BUT IN CONNECTING THE AREA TO THE NATURAL GAS PIPELINE PLANNED BY HIS MINISTRY.

3. COMMENT: DISCUSSIONS WITH TRADE AND SOUTH AUSTRALIAN GOVERNMENT SOURCES REVEAL THAT THE REAL REASON PACIFIC LIGHTING PULLED OUT WAS BECAUSE OF CONNOR'S ATTITUDE TOWARD THE EXPORT OF THE GAS. ENGINEERING REPORTS INDICATE RESERVES MIGHT NOT BE AS HIGH AS ANTICIPATED, BUT PROOF OF THIS CANNOT BE OBTAINED WITHOUT ADDITIONAL EXPLORATION AND DRILLING. THIS REQUIRES CONSIDERBALLY MORE INVESTMENT AND PACIFIC LIGHTING IS UNWILLING TO RISK ADDITIONAL FUNDS IN VIEW OF CONNOR'S NEGATIVE POLICY. INDUSTRY SOURCES SAY THAT CONNOR IS DETERMINED TO GO AHEAD WITH IS PLANS FOR GOVERNMENT CONTROL OF EXPLORATION AND EXPLOITATION IN THIS FIELD AS WELL AS THE BUILDING OF THE PIPELINE GRID. SINCE MAGELLAN LACKS FUNDS FOR ADDITIONAL EXPLORATION AND DRILLING, IT IS FORCED TO ENTER INTO PARTNERSHIP WITH CONNOR, OR CLOSE SHOP.  
BRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, NATURAL RESOURCES, SERVICE CONTRACTS, GASES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CollinP0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Office:** ACTION EB  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Authority:** CollinP0  
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**Review Date:** 09 JUL 2002  
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**Status:** NATIVE  
**Subject:** U.S. FIRM PULLS OUT OF SOUTH AUSTRALIAN NATURAL GAS PROJECT  
**TAGS:** ENRG, EINV, AS, PACIFIC LIGHT  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005